



Recycling Program Enforcement Branch – Quarterly Update

July 19, 2016



COMPLIANCE AND REVIEW SECTION

- As the result of an RPEB investigation, 27 Handling Fee Applications (DR-14s) totaling \$147,614 were denied.
- Seven (7) DR-14s totaling \$34,847 were denied due to RC operators refusing to accept all CRV eligible containers from customers.



INSPECTIONS SECTION

Unserved / Option A Dealer Inspections conducted in the City of San Francisco:

- 265 Unserved / Option A Dealers inspected
- Approx. 48% compliance (126 Dealers)
- Approx. 52% noncompliance (139 Dealers)
 - ✓ 134 Dealers issued Notice of Non-Compliance
 - ✓ 5 issued Notice of Violation



INVESTIGATIONS SECTION

Processor Oversight Pilot Program – Phase 1:

- 7 processors subject to Processor Oversight activities
- Overview of Findings:
 - ✓ Lack of critical internal controls at processing facilities
 - ✓ Failure to consistently maintain required cancelation documentation



INVESTIGATIONS SECTION

Processor Oversight Pilot Program – Phase I (con't):

- Failure to submit Authorizations to Cancel to CalRecycle
- Processors not performing adequate inspections to determine eligibility
- Recycling Centers claiming CRV / program payments on scrap material
- Approved alternative shipping report allocations methods not being followed



ACCUSATIONS

Accusations filed & served April 1 – June 30, 2016:

Participant Name	Date Filed	Amount Assessed
California Waste Solutions, Inc.	04/28/16	\$12,433,551.00
Recycling Service Alliance, Inc.	05/31/16	\$1,420,005.38
	TOTAL:	\$13,853,556.38



ACCUSATIONS

Accusations resolved as of June 30, 2016 ~ filed & served after CY 2013:

Participant Name	Date Filed	Amount Assessed	Date Finalized	Resolution
Helping Hands	06/09/15	\$50,900.00	04/08/16	\$18,000.00
Junior Recycling	07/13/15	\$661,000.00	04/29/16	\$661,000.00
	TOTAL:		TOTAL:	\$679,000.00



DOJ INVESTIGATIONS/ARRESTS

- DOJ – May 4, 2016
- 5 month investigations based on a CalRecycle referral
- Multi-state recycling fraud scheme involving:
 - Imported loose empty beverage containers from AZ and NM
 - Public storage facilities in South Gate, CA
 - Certified recycling centers in Southern CA.



DOJ INVESTIGATIONS/ARRESTS





DOJ INVESTIGATIONS/ARRESTS





DOJ INVESTIGATIONS/ARRESTS

- **Searched 18 public storage units at two separate locations in South Gate, CA:**
 - Aluminum – 35,479 lbs.
 - PET – 9,125 lbs.
 - Total CRV if illegally redeemed = **\$66,743.28**



DOJ INVESTIGATIONS/ARRESTS

- **Two ring-leaders of fraud schemes arrested:**
 - Francisco Flores, 59, of Los Angeles
 - ✓ Plead guilty to felony recycling fraud
 - ✓ Sentenced to 1-year in jail
 - ✓ Ordered to pay \$800,000 in restitution



DOJ ARRESTS

- **Two ring-leaders of fraud schemes arrested:**
 - Guillermo Chavez, 62 of Anaheim
 - ✓ Plead guilty to felony grand theft
 - ✓ Sentenced to 4-months in jail
 - ✓ Ordered to pay \$225,000 in restitution
- Full press release available at:

<http://www.calrecycle.ca.gov/NewsRoom/2016/05May/10.htm>



QUESTIONS ?